

Milbern Ray and Company

L.L.P.

Certified Public Accountants

MILBERN D. RAY, C.P.A., 1933-2006
RONALD D. RAY, C.P.A.
KENT A. RAY, C.P.A.

4831 Merlot Avenue, Suite 320
Grapevine, Texas 76051

P.O. Box 849
Bedford, Texas 76095-0849
(817) 552-7661 Metro (817) 552-2895
FAX (817) 552-1391
www.milberrray.com

MEMBER:
AMERICAN INSTITUTE
OF CERTIFIED PUBLIC
ACCOUNTANTS

October 7, 2019

Jason Ankele
Sullivan & Cook, LLC
600 E Las Colinas Blvd, Suite 1300
Irving, TX 75039

Caleb Moore
Law Firm of Caleb Moore, PLLC
2205 Martin Drive, Suite 200
Bedford, TX 76021

Re: Agreed-upon procedures engagement for the Alvord 287 Joint Venture

Jason and Caleb:

In the court hearing on September 18, 2019, we discussed the following open items that were holding up forward progress on this engagement:

1. Which version of the QuickBooks (QB) file for the JV would be utilized.
2. Would the AUPs be revised, as stated in the engagement letter dated February 4, 2019. If revised, we would need agreement from both parties.
3. We needed payment on outstanding balance of \$10,10 from our June 2019 invoice for work performed on this engagement and agreement from both parties on the estimated budget to complete the engagement and issue a report.

During the hearing, the judge ordered that these items be resolved by 5:00 pm that day, so we could move forward with this engagement and issue a report. Unfortunately, the only item that has been resolved was to move forward with the 5th version of the QB file (the QB file dated 8/2/2019 @ 8:17pm). **Item #1**

Item #2: There has been communication between the parties reading the AUPs since the hearing. For example, in order to try to minimize our time the parties have suggested that that we not tie expenses from the HUD statements to actual HUD statements but to an excel spreadsheet that both parties would agree accurately reflect those expenses. Our position is this would be a change to the AUPs, since we are no longer agreeing the expense to the underlying supporting documentation (i.e. the HUD statements). In order to try to move this engagement forward, on October 3, 2019 we offered to mockup our understanding of the revised AUPs based on various e-mails and phone conversations. Later that day we were instructed via a phone call from the defense counsel to suspend our work on mocking up the AUPs because the defenses'



position it that the AUP have not changed. We've explained our position multiple times that we have to report on the AUPs as written and if the AUP are not revised then we have to be allowed to do the work in order to report on the AUPs as written.

Item #3: We have not received payment for the outstanding balance due from our invoice dated June 30, 2019. We have continued to incur additional time on this engagement since our last billing dated June 30, 2019. Time has been spent following up with both parties, reading and replying to both e-mails and letter, phone calls, meeting, and attending the court hearing in September. None of this time has been spent on performing work that would get us closer to issuing a report. Furthermore, we still do not have an approved budget to move forward with this engagement.

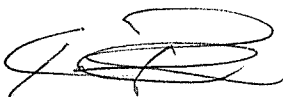
From our prospective, no progress has been made on this engagement since the defendant told us in late June 2019 to hold off on doing any additional work until as they reorganized every transaction in the JV since they took over. Since then we have received the 4th and the 5th version of QB for the JV. We have not done any testing on the 5th version of the QB file that was received August 2, 2019 and we cannot issue a report on work that has not been performed.

The items outlined in the hearing on September 18, 2019 has not been resolved. Our time continues to be spent on items that are not moving this engagement to completion. Furthermore, we don't see a path forward to would allow us to complete the work and issue a report. Per the engagement letter dated February 4, 2019, our invoices are payable upon presentation and we can elect to terminate our services for non-payment. If we elect to terminate our services for non-payment, our engagement will be deemed to have been completed upon written notification of termination even if we have not completed our report. Since we have continued to incur time on the engagement and have not been paid for the previous work performed and billed, we are hereby notifying both parties that we are formally terminating and withdrawing from this agreed-upon procedure engagement for the Alvord 287 Joint Venture engagement effective today, October 7, 2019.

If you would like us to turn over the work performed, please let us know. Note, all work previously performed on this engagement was on the 3rd version of QB (Dated 6/10/19 @ 8:52 pm).

We will copy you both on our letter to the judge giving our update, notifying her that a report will not be issued by October 15, 2019, and that we have withdrawn from the engagement.

Thank you,



Kent Ray, CPA
Milbern Ray & Company